

SB 845 A STAFF MEASURE SUMMARY

House Committee On Revenue

Prepared By: Mazen Malik, Senior Economist

Meeting Dates: 5/30, 5/31, 6/15

WHAT THE MEASURE DOES:

Changes distribution of moneys collected by Department of Revenue as tax imposed on retail sale of marijuana items. Applies to moneys distributed by department on or after effective date.

ISSUES DISCUSSED:

- Background of the legalization measure M-91.
- Legislative Actions by the 2015 and 2016 sessions.
- Issues of taxation and revenue that remain to be fixed.
- Distribution of revenues and priorities.
- Revenue forecasting and tax distributions.

EFFECT OF AMENDMENT:

BACKGROUND:

The legalization ballot measure M-91 foresaw a 40% distribution to schools out of the tax revenue. However, the common school fund works as an endowment and not an immediate benefit to schools. The amended version of the bill sends 30% to the State School Fund, and 10 % the Community College Support fund. It also dedicates 15% to state police, 10 % to mental health, and 5% to the health authority.

The measure maintains 10 % to Counties and 10% to Cities to be distributed using a permanent formula. However, the first-year distribution uses a temporary formula based Solely on population. Revenue collected during first biennium (2015-17) will be distributed per the first-year formula after all the costs for the OLCC and DOR are paid. This is expected to occur after the end of the current biennium.

Changes The distributions to cities and Counties.

(A) Ten percent of the moneys in the account must be transferred to the cities of this state in the following shares: Seventy-five percent of the 10 percent must be transferred in shares that reflect the population of each city of this state that is not exempt compared to the population of all cities of this state that are not exempt from distribution due to opt put.and Twenty-five percent of the 10 percent must be transferred in shares that reflect the number of licenses held pursuant to ORS 475B.070, 475B.090, 475B.100 and 475B.110.

(B) Ten percent of the moneys in the account must be transferred to counties in the following shares: Fifty percent of the 10 percent must be transferred in shares that reflect the total commercially available area of all grow canopies associated with marijuana producer licenses held pursuant to 475B.070 on the last business day of the calendar quarter preceding the date of the transfer for all premises located in each county compared to the total commercially available area of all grow canopies associated with marijuana producer licenses held pursuant to ORS 475B.070 on the last business day of that calendar quarter for all premises located in this state; and Fifty percent of the 10 percent must be transferred in shares that reflect the number of licenses held pursuant to ORS 475B.090, 475B.100 and 475B.110 on the last business day of the calendar quarter preceding the date of the transfer for premises located in each county compared to the number of licenses held pursuant to ORS 475B.090, 475B.100 and 475B.110 on the last business day of that calendar quarter for all premises in this state.